

complaint

Ms H complains about the way that Clydesdale Bank Plc has dealt with her credit card account.

background

Ms H had a credit card account with Clydesdale Bank. She used her credit card in October 2016 to £1,500 pay for a carpet. She said that the carpet was cut too short when it was delivered to her – so she claimed a refund from Clydesdale Bank under the chargeback rules and section 75 of the Consumer Credit Act 1974. Clydesdale Bank made a chargeback claim and provisionally refunded the payment to Ms H's account. But the supplier successfully defended the chargeback claim so the payment was reapplied to Ms H's account.

Ms H then claimed a refund under section 75. Clydesdale Bank asked for photos of the issues with the carpet. But there was a delay in the photos being supplied as the carpet was in storage – and the carpet was then damaged in a fire at the storage facility and was discarded. Clydesdale Bank reduced Ms H's outstanding balance by £1,500 in December 2017 in full and final settlement of her claim.

But Ms H had exceeded her credit limit, didn't make the minimum monthly repayments required and didn't respond to Clydesdale Bank's letters so her account was closed in August 2017. Ms H contacted Clydesdale Bank in September 2017 and it was agreed that she'd have 30 days "breathing space" before coming to a repayment arrangement. But during that period her account was sold to a third party. Clydesdale Bank bought the account back but Ms H hasn't made any payments to the outstanding balance of her account (which in June 2018 was £10,850.58).

Ms H complained to Clydesdale Bank that she shouldn't be facing immediate payment of the outstanding balance and it should either reopen her account or transfer the balance to a new account which she would repay over a reasonable time. And she also seeks a refund of all interest and charges applied to the credit card account from the date that her section 75 claim was made and a further reduction in the balance to reflect Clydesdale Bank's errors in closing the account and selling the debt to a third party. She wasn't satisfied with its response so complained to this service.

The investigator didn't recommend that this complaint should be upheld. From reviewing all of the information available, she couldn't say that Clydesdale Bank had acted unreasonably or unfairly. So she said that she wouldn't be asking Clydesdale Bank to do anything more.

Ms H has asked for her complaint to be considered by an ombudsman. She says, in summary, that Clydesdale Bank incorrectly closed her account and passed the debt to a third party so it has acted both unreasonably and unfairly.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Clydesdale Bank has reduced Ms H's outstanding balance by £1,500 in full and final settlement of her section 75 claim for the carpet and I'm not persuaded that it would be fair or reasonable for me to require it to take any further action in relation to her carpet.

Clydesdale Bank has provided evidence to show that Ms H had exceeded her credit limit of £10,500, hadn't made the minimum monthly payments that were due on the account and hadn't responded to its letters about the account. Ms H says that she was told by Clydesdale Bank that her account had been frozen and that she should do nothing until the dispute about the carpet had been resolved. But she's not been able to provide any other information to show that she was told that her account had been frozen or that she didn't need to make any payments to her account.

Ms H's credit card account exceeded its credit limit of £10,500 in January 2017 – and of that the amount in dispute was only £1,500. I don't consider it to be likely that Clydesdale Bank would've frozen Ms H's account or told her that she didn't need to make any payments to the account until the dispute about the carpet was resolved.

Ms H had breached her agreement with Clydesdale Bank by exceeding her credit limit and not making the minimum monthly payments that were required. And she hadn't responded to the letters that it had sent her about the account. So I consider that it was entitled to close her account. She contacted it in September 2017 and it was agreed that she'd have a 30 day period before a repayment arrangement was agreed. But Clydesdale Bank sold Ms H's account to a third party. It then bought the account back but it says that Ms H hasn't made any payments to her account.

Clydesdale Bank accepts that Ms H's account shouldn't have been sold to the third party – but it bought the account back when it realised its mistake. I'm not persuaded that it would be fair or reasonable for me to require Clydesdale Bank to pay Ms H any compensation for that mistake. And other than that, I'm not persuaded that there's enough evidence to show that Clydesdale Bank has acted incorrectly in its dealings with Ms H or her credit card account. So I find that it wouldn't be fair or reasonable in these circumstances for me to require it to re-open her account, to open a replacement account for her, to refund any interest or charges to her, to pay her any compensation or to take any other action in response to her complaint.

If Ms H is unable to repay the outstanding balance of her account because of financial difficulties, Clydesdale Bank is required to respond to those difficulties positively and sympathetically. And I suggest that Ms H contacts Clydesdale Bank to see if a repayment arrangement for the amount that she owes can be agreed.

my final decision

For these reasons, my decision is that I don't uphold Ms H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 3 January 2019.

Jarrold Hastings
ombudsman